

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 9, 2005

IN RE:

PETITION OF ADELPHIA BUSINESS SOLUTIONS, INC.,
ET.AL. D/B/A TELCOVE FOR APPROVAL TO AMEND
FINANCING TRANSACTIONS

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DOCKET NO.
05-00041

ORDER APPROVING AMENDMENT TO FINANCING TRANSACTIONS

This matter came before Director Deborah Taylor Tate, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the "TRA" or "Authority"), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on February 28, 2005 to consider the *Petition* of Adelphia Business Solutions, Inc., Adelphia Business Solutions Operations, Inc., Adelphia Business Solutions of Tennessee, Inc. and Adelphia Business Solutions of Nashville, LP (all d/b/a TelCove)¹ (together "TelCove" or the "Company") for approval of an amendment to financing transactions approved by the Authority in TRA Docket No. 04-00168.²

Statutory Framework

Tenn. Code Ann. § 65-4-109 (2004) provides:

¹ On January 31, 2005, in Docket No. 03-00458, the Authority approved the name changes of Adelphia Business Solutions of Nashville, LP and Adelphia Business Solutions Operations, Inc to TelCove of Nashville, LP and TelCove Operations, Inc respectively.

² By an order dated July 12, 2004, the Authority authorized TelCove to enter into a secured revolving credit facility in an amount not to exceed forty-five (45) million dollars. *See In re Petition of Adelphia Business Solutions, Inc Adelphia Business Solutions Investment, LLC, Adelphia Business Solutions Atlantic, Inc and Adelphia Business Solutions Operation, Inc (all d/b/a TelCove) for Approval to Issue Debt ("Prior Approval Docket")*, Docket No. 04-00168, *Order Approving Financing Transactions*, p. 3 (July 12, 2004)

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the [TRA] for such proposed issue. It shall be the duty of the [TRA] after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the [TRA].

The Petition

The Authority previously authorized financing transactions allowing TelCove to enter into a secured revolving credit facility in an amount not to exceed forty-five (45) million dollars.³ In the *Petition*, filed with the TRA on January 24, 2005, TelCove seeks authorization, pursuant to Tenn. Code Ann. § 65-4-109 (2004), to increase by fifteen (15) million dollars the existing revolving credit facility, to a total amount not to exceed sixty (60) million dollars. The revolving credit arrangement will be collateralized by the assets, stock, and interest of the state level operating subsidiaries, including the subsidiaries certificated in Tennessee - TelCove of Nashville, LP and TelCove Operations, Inc. – but the subsidiaries will not carry the debt on their books or pay any of the related interest expense. The proceeds of these transactions will be used to enhance the Company's financial strength, to provide working capital and for other general corporate purposes. Petitioners propose that this transaction will benefit Tennessee customers by enabling TelCove to provide broader customer choice, more efficient use of existing resources and facilities and to develop product/service innovations.

The February 28, 2005 Authority Conference


At the February 28, 2005 Authority Conference, the Directors voted unanimously to approve the *Petition* upon a finding that the proposed transaction will be made for a proper purpose and in accordance with Tennessee law over which the TRA has authority.

³ See Prior Approval Docket.

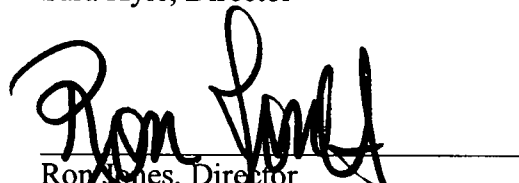
IT IS THEREFORE ORDERED THAT:

1. TelCove is authorized to enter into the financing transactions as described in the *Petition* and discussed herein.

2. The authorization and approval given hereby should not be used by any party, including, but not limited to, any lending party, for the purpose of inferring that an analysis or assessment of the risk involved to a purchaser of securities has been performed. Nothing contained herein creates or is intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee, or any political subdivision thereof for the transaction approved herein.


Deborah Taylor Tate, Director


Sara Kyle, Director


Ron Jones, Director